

December 17, 2002

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**TEN-YEAR RE-LEASE FOR CHILD SUPPORT SERVICES DEPARTMENT
2934 EAST GARVEY AVENUE, WEST COVINA
(FIFTH) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chairman to sign the attached ten-year re-lease with West Covina Office Building, LLC, Lessor, for the continued occupancy of 47,750 rentable square feet of office space, including 191 parking spaces for the Child Support Services Department (CSSD) at 2934 East Garvey Avenue, West Covina at an initial annual rent of \$928,260. Rental costs are 100 percent offset by State funding.
2. Authorize the Lessor and/or Director of the Internal Services Department (ISD) at the direction of the Chief Administrative Office (CAO), to acquire telephone systems for CSSD to upgrade and augment the current system at a cost not to exceed \$684,000. At the discretion of the CAO, all or part of the telephone, data, and low voltage systems may be paid in a lump sum or financed over a five-year term not to exceed \$136,860 per year in addition to other tenant improvement (TI) allowances provided under the lease.
3. Find that this lease is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15601 (b) (3) of the State CEQA Guidelines.
4. Approve the project and authorize the CAO, CSSD and ISD to implement the project. The lease will be effective upon approval by your Board.

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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The proposed re-lease will allow CSSD and its 239-member staff, who provide direct services to the public, to continue occupancy for up to ten years commencing upon Board approval. The child support services program has been in operation at this facility since 1991. The West Covina office services and provides case management for various communities including Belvedere, Lincoln Heights, Alhambra, Pasadena, El Monte and other East San Gabriel Valley cities including Pomona.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we invest in public infrastructure in order to strengthen the County's fiscal capacity. The proposed lease supports this strategy (Goal 4, Strategy 2, Objective 2), in this case we are maximizing State funding of real estate costs by housing the program in existing leased space as further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The base annual rental cost of this lease will initially be \$928,260. An additional cost, dependent on the remaining amortization period, will be expended when and if funding is made available by the State for tenant improvements. Due to a reduction in State funding the County negotiated the right to defer the use of \$2,387,500 in reimbursable TI allowances during and up to the end of fourth year of the lease term. This will allow CSSD to purchase new furniture and remodel the existing space originally designed for 125 staff to more adequately meet the needs of the operation at a future date when and if funding is made available.

The tenant improvement allowance included in the base rent will be used to purchase work surfaces that can ergonomically accommodate two staff in cubicles which are currently shared but were originally designed for a single staff person. The remaining allowance will be used to remodel inefficient space and to the extent possible, for new furniture for the staff to be housed in the remodeled space.

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| 2934 E. GARVEY AVE. | EXISTING LEASE | RE-LEASE | CHANGE |
|-----------------------------|--|--|---------------|
| Area (Square feet) | 47,750 | 47,750 | None |
| Term | 05/13/1991 to 05/12/2001 Month-to-Month since 05/13/01 | 10 years upon Board approval | 10 years |
| Annual Rent | \$893,880 (\$18.72/sq.ft.) | \$928,260 (\$19.44/ sq.ft.) | (\$34,380) |
| TI Allowance | \$1,193,750 (\$25.00/sq. ft.) | \$477,500/(\$10.00/sq. ft.) | (\$15.00) |
| Additional TI Allowance* | \$764,000 (\$16.00/sq. ft.) | \$2,387,500 (\$50.00/sq.ft.*) | (\$34.00) |
| Maximum Annual Rent | \$1,015,036 (\$21.26/sq. ft.) | \$1,306,872 (\$27.37/sq. ft., if reimbursable TI allowances are used in first year) | (\$291,836) |
| Parking Included in Rent | 144 off-street spaces | 191 off-street spaces | (+47) |
| Cancellation | Anytime after 60 th month upon 180 days notice | Anytime at or after 84 th month upon 180 days notice | (+ 2 years) |
| Option to Renew | One 5-year, not exercised | One 5-year, 180 day notice | None |
| Rental Adjustment | Annual CPI 5% Cap | Annual CPI 4% Cap | (-1%) |

* The Maximum Additional TIs if utilized in the first year of the lease term equates to approximately \$378,612 annually, or \$7.93 per square foot annually, amortized at 10 percent over the ten year lease term. This amount will be adjusted based on when and if the County utilizes the reimbursable TI Allowances which can be used up to the end of the fourth year of the lease term if funding is provided.

Sufficient funding for the proposed base lease cost is included in the 2002-03 Rent Expense Budget and will be charged back to CSSD. Sufficient funding is available in the 2002-03 CSSD Budget to cover the projected base lease cost.

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The cost associated with the proposed lease will be 100 percent offset by State subvention.

The monthly rent under the proposed new lease is subject to an annual CPI adjustment not to exceed 4 percent.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

CSSD has been housed at this location since May 13, 1991 when the building was refurbished for County use. The current ten-year lease expired May 12, 2001 and occupancy has continued on a month-to-month basis since May 13, 2001 pending seismic review and retrofit of a portion of the premises.

The proposed facility will house Division 3, which services an area from East Los Angeles to Pasadena and the East San Gabriel Valley including Pomona. Division 3, the largest of eight CSSD Divisions, performs case management for approximately 88,000 cases with a budgeted staff of 239. The program is involved in the enforcement of child support orders in situations in which custodial parents of children are receiving assistance in Los Angeles County or have applied directly for services and are not recipients of public assistance.

The proposed ten-year re-lease agreement provides 47,750 rentable square feet of office space and 191 off-street, fenced parking spaces. The lease contains the following provisions:

- The term commences upon approval by your Board and ends ten years thereafter.
- The Lessor will continue to be responsible for all operating and maintenance costs.
- The Lessor will provide 191 parking spaces included in the rental rate, which is sufficient to meet the parking needs of the staff.
- A cancellation provision at or anytime after the seventh year by giving 180 days prior written notice.

- A \$477,500, or \$10 per square foot non-reimbursable TI allowance included in the base rental rate will be used for minor tenant improvements, security, a limited amount of new furniture and augmentation of the existing furniture system.
- A reimbursable additional TI allowance and discretionary TI allowance of \$2,387,500 or \$50 per square foot for furniture and additional TIs, which may be paid in lump sum or amortized over the term remaining in the lease at an annual interest rate of 10 percent. These allowances can be utilized up to the end of the fourth year of the lease term. If funded, these amounts will be paid in lump sum or amortized over the remaining lease term.
- All TI allowance expenditures shall be approved in writing by the CAO. All construction shall be in compliance with "Tenant Improvement Paragraph 25" and the "Tenant Improvement Work Letter" attached as Exhibit "J" and referenced in Paragraph 26, Section A, of the proposed lease.
- The lease provides an option to expand during the first four years of the term with written notice to the Lessor and includes a tenant improvement allowance of \$25.00 per square foot for office space and \$10.00 per square foot for storage space. The base rental rate for the office space will be at the prevailing rate and the storage space base rent will be \$0.60 per square foot full service, or as adjusted by Paragraph 29, Rental Adjustment.
- County has the option to renew for a period of five years under the same terms, and conditions, and a rental rate of 90% of fair market value, by giving 60 days prior written notice.

CAO Real Estate staff surveyed the Division 3 service areas within the Fifth District as specified by that office to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Attachment B shows County owned and leased facilities within the service area for these programs and there are no suitable County owned or leased facilities available for the program.

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Based upon a survey of the market for similar property within the specified area, staff has established that the base rental range including parking for similar property is between \$19.00 and \$22.20 per square foot per year full-service gross. Thus, the base annual rent of \$19.44 for the proposed lease represents a rate in the lower portion of the market value range.

The proposed lease was submitted for review to the Board's appointed Real Estate Management Commission on April 11, 2002. After careful review, it was the Commission's decision to approve the proposed lease.

The building size, parking requirements and site configuration are not conducive to the provision of a child care center at this location. The child care center recently constructed at 12800 Crossroads Parkway South, Industry is available for use by County employees and the 9320 Telstar Avenue, El Monte child care center will be open and available for child care needs in the near future as will the child care center being constructed at the Aerojet Annex in El Monte.

The Department of Public Works (DPW) inspected this facility and recommended seismic retrofit work prior to re-leasing the premises. Subsequently, a DPW consultant provided a detailed seismic upgrade recommendation on August 21, 2001. The Lessor has undertaken and completed the seismic retrofit at its sole cost and expense as a condition precedent to forwarding this lease recommendation to your Board for approval. DPW has reviewed and approved the work and the City of West Covina has provided final sign-off of the retrofit work.

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

The CAO has made an initial study of environmental factors and has concluded that this project is exempt from CEQA as specified in Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.

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IMPACT ON CURRENT SERVICES (OR PROJECTS)

It is the finding of the CAO that the proposed lease is in the best interest of the County and will adequately provide the necessary space for this County requirement. In accordance with your Board's policy on the housing of any County offices or activities, CSSD concurs in this lease recommendation.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return two originals of the executed Lease and Agreement, two certified copies of the Minute Order and the adopted, stamped Board letter to the Chief Administrative Office, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:SNY
CWW:CEM:hd

Attachments (3)

c: County Counsel
Auditor-Controller
Child Support Services Department
Internal Services Department

**CHILD SUPPORT SERVICES DEPARTMENT
2934 EAST GARVEY AVENUE, WEST COVINA
Asset Management Principles Compliance Form¹**

| | YES | NO | NA |
|--|----------|----|----------|
| 1. <u>Occupancy</u> | | | |
| A Does lease consolidate administrative functions? ² | | | <u>X</u> |
| B Does lease co-locate with other functions to better serve clients? ² No space available in 5th District | | X | |
| C Does this lease centralize business support functions? ² | | | <u>X</u> |
| D Does lease meet the guideline of 200 sf of space per person? ² Ratio:1/200 | X | | |
| 2. <u>Capital</u> | | | |
| A Should program be in leased space to maximize State/Federal funding? | X | | |
| B If not, is this a long term County program? | | | <u>X</u> |
| C Is it a net County cost (NCC) program? 0% NCC | | X | |
| D If yes to 2 B or C; capital lease or operating lease with an option ? | | | <u>X</u> |
| E If no, are there any suitable County owned facilities available? | | | <u>X</u> |
| F If yes, why is lease being recommended over occupancy in County owned space? | | | <u>X</u> |
| G Is Building Description Report attached as Attachment B? ² | X | | |
| H Was build to suit or capital project considered? ² Aerojet Annex build to suit in El Monte was considered, but location outside the Fifth District and public intake requirements were not suitable for occupancy at this location | X | | |
| 3. <u>Portfolio Management</u> | | | |
| A Did department utilize CAO Space Request Evaluation(SRE)? ² | <u>X</u> | | |
| B Was the space need justified? | <u>X</u> | | |
| C If a renewal lease, was co-location with other County departments considered? | | X | |
| D Why was this program not co-located? | | | |
| 1. ___ The program clientele requires a “stand alone” facility. | | | |
| 2. <u>X</u> No suitable County occupied properties in project area. | | | |
| 3. <u>X</u> No County owned facilities available for the project | | | |
| 4. ___ Could not get City clearance or approval | | | |
| 5. ___ The Program is being co-located | | | |
| E Is lease a full service lease? ² | <u>X</u> | | |
| F Has growth projection been considered in space request? | <u>X</u> | | |
| G Has the Dept. of Public Works completed seismic review/approval? Lessor has completed seismic retrofit as a condition of Board approval of re-lease. | <u>X</u> | | |

¹ As approved by the Board of Supervisors 11/17/98

Please **BOLD** any written responses

² If not, why not?

ATTACHMENT B

**SPACE SEARCH - FIFTH DISTRICT / CSSD SERVICE AREA / SAN GABRIEL VALLEY
CHILD SUPPORT SERVICES DEPARTMENT
2934 EAST GARVEY AVENUE, WEST COVINA**

| LACOFACILITY NAME | ADDRESS | SQ FT GROSS | SQ FT NET | | SQ FT AVAILABL E |
|--|--|-------------|-----------|----------|------------------|
| A471 THE ALHAMBRA COMPLEX - EAST TOWER | 1000 S FREMONT AVE (EAST TOWER), ALHAMBRA 91803 | 194,130 | 166,378 | LEASED | NONE |
| A473 THE ALHAMBRA COMPLEX - SHERIFF'S OMBUDSMAN | 1000 S FREMONT AVE, ALHAMBRA 91803 | 3,774 | 3,265 | LEASED | NONE |
| X561 BONELLI-REGIONAL PARK HEADQUARTERS BUILDING | 120 VIA VERDE, SAN DIMAS 91773 | 2,646 | 1,322 | OWNED | NONE |
| Y429 PW-SAN GABRIEL VALLEY DISTRICT OFFICE | 125 S BALDWIN AVE, ARCADIA 91006 | 6,570 | 4,874 | OWNED | NONE |
| A530 DCSS-GLENDORA ADULT PROTECTIVE SERVICES | 130 W ROUTE 66, GLENDORA 91740 | 2,070 | 1,863 | LEASED | NONE |
| Y464 PUBLIC LIBRARY-DUARTE LIBRARY | 1301 BUENA VISTA AVE, DUARTE 91010 | 10,048 | 8,860 | OWNED | NONE |
| A353 DCSS-PASADENA ADULT PROTECTIVE SERVICES | 1370 E WALNUT ST, PASADENA 91101 | 1,600 | 1,440 | LEASED | NONE |
| A344 DC&FS-REGION I - COVINA OFFICE ANNEX | 1373 E CENTER COURT DR, COVINA 91724 | 29,525 | 28,050 | LEASED | NONE |
| X257 WEST COVINA COURTHOUSE | 1427 WEST COVINA PKWY, WEST COVINA 91790 | 115,964 | 68,306 | OWNED | NONE |
| 4177 DHS-EAST AREA ENVIRONMENTAL HEALTH PROGRAM | 1435 WEST COVINA PKWY, WEST COVINA 91790 | 8,500 | 4,096 | OWNED | NONE |
| A337 DPSS-GLENDALE IHSS OFFICE ANNEX | 145 N VISTA AVE, PASADENA 91107 | 3,600 | 3,240 | LEASED | NONE |
| 5673 PUBLIC LIBRARY-SAN DIMAS LIBRARY | 145 N WALNUT AVE, SAN DIMAS 91773 | 13,628 | 11,421 | OWNED | NONE |
| 5883 ALHAMBRA COURTHOUSE | 150 W COMMONWEALTH AVE, ALHAMBRA 91801 | 111,727 | 60,233 | FINANCED | NONE |
| E340 DHS-SAN GABRIEL DISTRICT HEALTH FACIL OFFICE | 1500 WEST COVINA PKWY, WEST COVINA 91790 | 3,625 | 2,816 | LEASED | NONE |
| Y385 EAST SAN GABRIEL VALLEY MENTAL HEALTH CENTER | 1517 W GARVEY AVE-N, WEST COVINA 91790 | 7,478 | 4,976 | OWNED | NONE |
| 4982 PUBLIC LIBRARY-WEST COVINA REGIONAL LIBRARY | 1601 WEST COVINA PKWY, WEST COVINA 91790 | 42,345 | 14,717 | OWNED | NONE |
| 4135 BRACKETT FIELD-ADMINISTRATION BUILDING-1 | 1615 W MCKINLEY AVE, LA VERNE 91750 | 9,393 | 3,693 | OWNED | NONE |
| 4408 CAMP GLENN ROCKEY-ADMINISTRATION BUILDING | 1900 N SYCAMORE CANYON RD, SAN DIMAS 91773 | 5,083 | 3,585 | OWNED | NONE |
| X327 PROBATION-CENTRAL TRANSCRIBING OFFICE | 200 W WOODWARD AVE, ALHAMBRA 91801 | 11,273 | 7,360 | OWNED | NONE |
| A088 PUBLIC LIBRARY-CHARTER OAK LIBRARY | 20540 E ARROW HWY, COVINA 91724 | 2,705 | 2,592 | LEASED | NONE |
| 6312 PUBLIC LIBRARY-CLAREMONT LIBRARY | 208 N HARVARD AVE, CLAREMONT 91711 | 22,921 | 17,447 | OWNED | NONE |
| A043 DA-JUVENILE/BD OF SUPERVISOR-THE WALNUT PLAZA | 215 N MARENGO AVE, PASADENA 91101-1505 | 3,350 | 2,684 | LEASED | NONE |
| A215 ALT PUBLIC DEFENDER-PASADENA OFFICE | 221 E WALNUT ST, PASADENA 91101 | 3,200 | 2,960 | LEASED | NONE |
| A478 SHERIFF-NORTH REG SURVEILLANCE & APPREHENSION | 2239 E GARVEY AVE N., WEST COVINA 91791 | 1,989 | 1,890 | LEASED | NONE |
| 5397 PASADENA COURTHOUSE | 300 E WALNUT ST, PASADENA 91101 | 228,638 | 104,855 | FINANCED | NONE |
| 3240 MONROVIA COURTHOUSE | 300 W MAPLE AVE, MONROVIA 91016 | 14,638 | 9,389 | OWNED | NONE |
| 6166 MONROVIA COURTHOUSE-DIVISION IV | 300 W MAPLE AVE, MONROVIA 91016 | 1,485 | 1,170 | OWNED | NONE |
| A050 MENTAL HEALTH-ARCADIA MENTAL HEALTH SERVICES | 330 E LIVE OAK AVE, ARCADIA 91732 | 11,658 | 7,554 | OWNED | NONE |
| 4663 LOMA ALTA-RECREATION BUILDING ANNEX | 3330 N LINCOLN AVE, ALTADENA 91001 | 4,271 | 259 | OWNED | NONE |
| Y478 PUBLIC LIBRARY-LA VERNE LIBRARY | 3640 D ST, LA VERNE 91750 | 10,347 | 8,486 | OWNED | NONE |
| A060 PUBLIC LIBRARY-LIVE OAK LIBRARY | 4153 E LIVE OAK AVE, ARCADIA 91006 | 2,891 | 2,170 | LEASED | NONE |
| 5850 PUBLIC LIBRARY-LA CANADA FLINTRIDGE LIBRARY | 4545 N OAKWOOD AVE, LA CANADA FLINTRIDGE 91011 | 16,791 | 12,337 | OWNED | NONE |
| 5460 PUBLIC LIBRARY-SAN GABRIEL LIBRARY | 500 S DEL MAR AVE, SAN GABRIEL 91776 | 13,718 | 11,190 | OWNED | NONE |
| A426 DC&FS-REGION V PASADENA SERVICES OFFICE | 532 E COLORADO BLVD, PASADENA 91101 | 75,235 | 70,721 | LEASED | NONE |
| Y361 DCSS-ALTADENA SENIOR CENTER | 560 E MARIPOSA ST, ALTADENA 91001 | 17,071 | 6,079 | OWNED | NONE |
| 5200 PUBLIC LIBRARY-TEMPLE CITY LIBRARY | 5939 GOLDEN WEST AVE, TEMPLE CITY (RUDELL) 91780 | 12,182 | 11,157 | OWNED | NONE |
| A089 BOARD OF SUP-5TH DISTRICT FIELD OFFICE | 615 E FOOTHILL BLVD, SAN DIMAS 91773 | 1,292 | 1,048 | LEASED | NONE |
| 4382 CAMP PAIGE-ADMINISTRATION BUILDING | 6601 N STEPHENS RANCH RD, LA VERNE 91750 | 3,716 | 2,053 | OWNED | NONE |
| 4388 CAMP AFFLERBAUGH-ADMINISTRATION BUILDING | 6631 N STEPHENS RANCH RD, LA VERNE 91750 | 3,715 | 1,983 | OWNED | NONE |
| A800 DC&FS-REGION I HEADQUARTERS / COVINA OFFICE | 800 S BARRANCA AVE, COVINA 91723 | 89,513 | 76,603 | LEASED | NONE |
| 0122 THOMAS A TIDEMANSON BUILDING-ANNEX | 900 S FREMONT AVE, ALHAMBRA 91803 | 43,500 | 36,975 | FINANCED | NONE |
| X900 THOMAS A TIDEMANSON PUBLIC WORKS BUILDING | 900 S FREMONT AVE, ALHAMBRA 91803 | 536,168 | 363,876 | FINANCED | NONE |
| D465 DPSS-PASADENA AP DISTRICT OFFICE | 955 N LAKE AVE, PASADENA 91104 | 37,342 | 25,372 | LEASED | NONE |